

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines
ISSUED BY THE STATE BOARD OF ACCOUNTS**

Volume 134, Page 1

June 1996

ITEMS TO REMEMBER

- June 1: Prove the Fund Ledger and Ledger of Receipts for the month of May to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- Last day to certify to the county treasurer a list of names and addresses of each person who has money due from the school corporation. (IC 6-1.1-22-14)
- Prior to September 1 of each year, the superintendent of each school corporation shall cause to be made by the Office of the State Fire Marshall an inspection of all heating systems and supporting fuel lines used for school purposes. (IC 20-5-43-2)
- June 20: Payment for school aid bonds and coupons coming due in July must be made to civil townships by reorganized school corporations where the reorganized plan provides for such payments or where the board of school trustees has provided for such payments by resolution. (IC 20-4-1-35; IC 20-4-1-38)
- Last day to report and make payment of state and county income tax withheld during May to the State Department of Revenue, Indiana Government Center North, Indianapolis. Please review Volume 100, December 1987, of "The School Administrator".
- June 30: Close out all payroll deduction clearing accounts. Balance and close the Fund Ledger and Ledger of Receipts for the school year and reconcile with depositories. Total the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances (January 1 to June 30). Close this ledger for the school year and prove to the Fund Ledger.
- July 1: Open a Fund Ledger and Ledger of Receipts for the next school year by entering the balance of each fund as determined and proved for June 30. Open a Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances for the next school year by entering in each program account the balance of unexpended appropriations, and by entering in each expenditure account within each program, the balance of the unexpended allotment.

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines
ISSUED BY THE STATE BOARD OF ACCOUNTS**

Volume 134, Page 2

June 1996

ITEMS TO REMEMBER

(Continued)

- July 4: Independence Day - Legal Holiday (IC 1-1-9-1)
- July 20: Last day to report and make payment of state and county income tax withheld during June to the State Department of Revenue, Indiana Government Center North, Indianapolis. Please review Volume 100, December 1987, of "The School Administrator".
- July 31: Last day to file Federal Quarterly Report, Form 941, with the Internal Revenue Service for federal and social security taxes for the second quarter.
- Aug. 1: Prove all ledgers for the month ending July 31 as outlined for the month of June.
- Aug. 12: Last day for the first publication of budgets for all school corporations other than school townships. (10 days prior to the public hearing) (IC 6-1.1-17-3)
- Aug. 15: Not earlier than August 1 or later than August 15 the secretary of the board of school trustees is to publish an annual financial report one time in accordance with IC 5-3-1-1 et seq.
- Aug. 19: Last day for second publication of school corporation budgets. (7 days after the first publication) (IC 5-3-1-2)
- Aug. 20: Last day to report and make payment of state and county income tax withheld during July to the State Department of Revenue, Indiana Government Center North, Indianapolis. Please review Volume 100, December 1987, of "The School Administrator."
- Aug. 22: Last day for completing public hearing on 1997 budget prior to meeting for adoption. (At least 7 days prior to the adoption of the budget) (IC 6-1.1-17-5)
- Aug. 29: Last day for meetings of school boards (school corporations other than school townships) to adopt budgets for the next calendar year and to fix tax levies. (Not Later Than the Last Thursday in August) (IC 6-1.1-17-5)

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines
ISSUED BY THE STATE BOARD OF ACCOUNTS**

Volume 134, Page 3

June 1996

BAND UNIFORMS - CHOIR OUTFITS

We are often asked if "choir outfits" for students may be bought under the same statute regarding band uniform purchases even though the "choir outfits" could possibly be considered as personal in that the students may keep the clothing.

The State Board of Accounts is of the audit position IC 20-10.1-8-3(b) provides "Each governing body may make an appropriation from the general fund of the school corporation for any one (1) year in a sum equal to the total funds raised by school patrons during that year for the purpose of purchasing **band uniforms** for high school bands sponsored by high schools located within and operated by that school corporation." (Our emphasis) IC 20-10.1-8-3 does not specifically refer to "choir outfits".

The School Board, if desiring, could consider the provisions of IC 20-5-2-2(2.5) "Promotion of School" or the provisions of IC 20-5-1.5-1, et seq., School Corporation Home Rule. The School Corporation Attorney should provide written guidance concerning the applicability of these statutes to the "choir outfits". The appropriateness of a purchase if deemed to be for personal purposes may result in an audit exception.

We have also taken the audit position the purchase of band uniforms is not only a one time purchase, but may be repeated in subsequent budget years, limited each year to an amount equal to the amount raised by school patrons during that same budget year.

DISPOSITION OF OLD OUTSTANDING CHECKS

Pursuant to IC 5-11-10.5, all checks outstanding and unpaid for a period of two years as of December 31 of each year shall be declared canceled.

Not later than March 1 of each year, the Treasurer shall prepare or cause to be prepared a list in duplicate of all checks outstanding for two or more years as of December 31 last preceding year. The original copy shall be filed with the board of finance of the school corporation and the duplicate copy maintained by the Treasurer. The Treasurer shall enter the amounts so listed as a receipt to the fund or funds upon which they were originally drawn and remove the checks from the list of outstanding checks. If the fund on which the checks were originally drawn is not in existence, or cannot be ascertained, the amount of such checks shall be receipted to the General Fund.

Each list prepared must show:

- 1) the date of issue of each check;
- 2) the fund upon which the check was originally drawn;
- 3) the name of the payee;
- 4) the amount of each check issued; and
- 5) the total amount represented by the checks listed for each fund.

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines
ISSUED BY THE STATE BOARD OF ACCOUNTS**

Volume 134, Page 4

June 1996

DISPOSITION OF OLD OUTSTANDING CHECKS - (Continued)

IC 5-11-10.5 provides for the issuance of another check to replace a canceled check, if a claim is properly filed by the vendor or the person to whom the check was issued within seven years after the date of issuance of the original check. The check must be drawn upon the fund to which the canceled check was receipted. Any check outstanding for more than seven years shall be considered void, and no recovery shall be made.

INVESTMENT CASH MANAGEMENT SYSTEM

IC 5-13-11 concerning Investment Cash Management Systems, provides for a system in which a depository manages the investment practices of a school corporation. The governing body and treasurer of a school corporation may contract with a depository for the operation of an investment cash management system.

The contract must:

- 1) be in writing;
- 2) provide for the investment of funds by the depository with the approval of the fiscal officer;
- 3) provide that the depository keep those records concerning the investment cash management system that the political subdivision would maintain for audits by the state board of accounts;
- 4) provide that investments will be made in accordance with IC 5-13;
- 5) not have a term of more than two (2) years; and
- 6) be awarded under the bidding provisions of IC 36-1-9.

If no designated depository whose principal office or branch is located within the political subdivision will provide an investment cash management service permitted in IC 5-13-11, then the contract for an investment cash management service must be awarded as provided by IC 5-13-8-9(c). If the investment cash management service contract is awarded to a financial institution whose principal office or branch is located outside the political subdivision, then the recipient of the contract does not constitute a designated depository of the political subdivision for the purposes of investment under IC 5-13-9-3 unless it meets the limitations of IC 5-13-9-4 or IC 5-13-9-5, but does constitute a depository under IC 5-13 for all other purposes.

The contract may provide for the depository to assess a service charge for management of the investment cash management system. The amount of the charge must be stated in the contract and may be paid when a claim for the charge is approved by the governing body. The depository shall furnish the political subdivision with at least one (1) report each month of transactions concerning the investment cash management system. The depository shall credit any interest or other accretion from an investment to the investment account of the political subdivision. The interest or accretion becomes a part of the principal in that account.

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines
ISSUED BY THE STATE BOARD OF ACCOUNTS**

Volume 134, Page 5

June 1996

OBSOLETE VOLUME

All articles of Volume 94 of The School Administrator have been updated or reprinted in later volumes or are no longer applicable; thus, Volume 94 which was distributed in June 1986 may now be deleted from your file.

FORM APPROVAL PROCESS UPDATE

We have further simplified the form approval process as stated in The School Administrator, Volume 133, March 1996.

The language in the third paragraph of the resolution letter from a school corporation as shown on page 8 of The School Administrator is changed. The sentence "Furthermore, if we desire to use any forms which have changed since the date of original approval above and those forms have not received a written approval from your Office, we will immediately submit those forms for approval." is deleted.

The last four words of number 3 in the summarization of the new form approval process "unless the forms changed" should be deleted.

Since a school corporation will be agreeing to the form approval conditions as listed in The School Administrator, we are adding the following to the conditions listed on pages 6 and 7 of Volume 133, March 1996 of The School Administrator.

Any changes to forms prescribed by the State Board of Accounts, including those required because of a change of Federal or State Law or Regulation, will be immediately implemented by the School Corporation.

We will also add to our list of printing suppliers, the name and address of any software vendor that desires to be listed. Consequently, those vendors will be made aware of any form changes required and be able to implement the provisions of item 12.

The condition noted above will be applicable to all form approvals.

ACCOUNTS PAYABLE VOUCHERS

Public Law 40 of the Acts of 1996 amends IC 5-11-10-2 effective July 1, 1996 to replace the Claim Register, Form 364 with an Accounts Payable Voucher Register. Therefore, we are of the audit position usage of claims should be phased out with all school corporations using the Accounts Payable Vouchers, School Form No. 524.

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines
ISSUED BY THE STATE BOARD OF ACCOUNTS**

Volume 134, Page 6

June 1996

ACCOUNTS PAYABLE VOUCHERS - (Continued)

IC 5-11-10-1.6© provides "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board having jurisdiction over allowance of payment of the claim.

This subsection does not prohibit a school corporation, with prior approval of the board having jurisdiction over allowance of payment of the claim, from making payment in advance of receipt of services as allowed by guidelines developed under IC 20-10.1-25-3."

We are of the audit position IC 5-11-10-1.6(c)(2) may be complied with by attaching to the Accounts Payable Voucher Form 523, the receiving copy of the Purchase Order Form 98, signed by the person receiving the goods or services.

GENERAL FIXED ASSET ACCOUNT GROUP FORM 369

The School Administrator Volume 131 September 1995 referred to the need to account for fixed assets. The General Fixed Asset Account Group Form 369 has been prescribed, May 1, 1996 to provide for inventorying and tracking fixed assets.

Federal requirements already exist for accounting for fixed assets. General Form 369 should be in use for State compliance by December 31, 1996.

A detailed workshop on extra-curricular and fixed assets accounting was held in conjunction with the Indiana Association of School Business Officials (IASBO) on May 8, 1996 at French Lick. An additional session was scheduled by IASBO for June 19, 1996 at MSD Warren in Indianapolis.

APPROVED DEPOSITORIES

The approved depositories list provided with the school budget workshop material lists only main office banks by county. Branches of the approved banks may also be in counties other than those listed. Contact the Indiana Board for Depositories at 317-232-5258 if you have any questions regarding approved depositories.